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ORIGINAL ARTICLE

Stock exchange mergers: a dynamic correlation analysis on Euronext

Christian Espinosa-Méndez[1] & Juan Gorigoitía[2] & João Vieito[3]

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Abstract
This article investigates the role of Stock Exchange Mergers on stock market return co-movements. Using a dynamic conditional correlation model proposed by Engle (J Bus Econ Stat 20:339–350, 2002), the Euronext Stock Exchange was analyzed, and findings point to an increase in correlation levels of stock return among Euronext unitholders. In short, Euronext stock exchange mergers increased interdependency among these markets, which means that the possibility of diversifying investment risk in these markets is reduced.

Keywords Stock exchange merger · Euronext · Dynamic conditional correlation

JEL classification C12 · C13 · C58 · G15

* Christian Espinosa-Méndez
christian.espinosa.m@usach.cl

1 Departamento de Administración, Facultad de Administración y Economía, Universidad de Santiago de Chile, Avenida Libertador Bernardo O'Higgins 3363. Estación Central, Santiago, Chile

2 Facultad de Administración y Economía, Universidad de Santiago de Chile, Santiago de Chile, Chile

3 School of Business Studies, Polytechnic Institute of Viana do Castelo, Portugal and Applied Management Research Unit (UNIAG), Valença, Portugal